

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

BY REQUEST OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE STATE BUILDING ENERGY CONSERVATION PROGRAM AND CREATING A STATE DEBT; APPROVING ENERGY CONSERVATION PROJECTS FOR FISCAL YEARS 2008 AND 2009; APPROPRIATING BOND PROCEEDS TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY; PROVIDING THAT PROCEEDS MAY BE USED TO FUND MODIFICATIONS TO USE RENEWABLE ENERGY; AMENDING SECTION 90-4-602, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 90-4-602, MCA, is amended to read:

"90-4-602. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Board" means the board of examiners provided for in 2-15-1007.

(2) "Cost" includes the expenses related to planning, design, construction, and installation of energy conservation improvements and any administrative expenses of the department incurred in the performance of its duties under the energy conservation program.

(3) "Department" means the department of environmental quality provided for in 2-15-3501.

(4) "Energy conservation program" means a program for the financing, acquisition, construction, and installation in state-owned buildings, structures, and facilities of energy-saving equipment, systems, and improvements in state-owned buildings, structures, and facilities that save energy or water or use an alternative renewable energy source, as defined in 15-6-225.

(5) "Energy conservation program bonds" includes all series of bonds issued to finance any portion of the energy conservation program.

(6) "Energy cost savings" means the savings in utility costs to a state agency as a result of an energy conservation program.

1 (7) "State agency" means:

2 (a) each executive, legislative, or judicial branch department, office, or agency; and

3 (b) the university system."

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5 **NEW SECTION. Section 2. Bond authorization -- appropriation.** (1) The board of examiners may,
6 pursuant to 90-4-611, issue and sell bonds of the state in an aggregate principal amount not to exceed \$6 million
7 for fiscal years 2008 and 2009 for the projects approved in [section 3] and to fulfill the duties imposed by 90-4-605
8 and 90-4-607. The bonds are general obligations for which the full faith and credit and taxing powers of the state
9 are pledged for payment of the principal and interest of the bonds. The bonds must be issued as provided by Title
10 17, chapter 5, part 8.

11 (2) The proceeds of the bonds, other than any premiums and accrued interest received, must be
12 deposited in the energy conservation program account established by 90-4-612. Premiums and accrued interest
13 must be deposited in the debt service fund established in 17-2-102. Proceeds of bonds deposited in the energy
14 conservation program account may be used to pay the costs of issuing the bonds, to fulfill the duties authorized
15 by 90-4-605 and 90-4-607, and to fund the projects approved in [section 3]. For the purposes of 17-5-803 and
16 17-5-804, the energy conservation program account constitutes a capital projects account. The bond proceeds
17 must be available to the department of environmental quality and may be used for the purpose authorized in this
18 section without further budgetary authorization.

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20 **NEW SECTION. Section 3. Approval of energy conservation projects -- definition.** (1) Pursuant
21 to Title 90, chapter 4, part 6, the legislature approves for fiscal years 2008 and 2009 the following energy
22 conservation projects:

23 (a) incremental costs for energy efficiency features in new construction at Montana state university
24 college of technology, Great Falls;

25 (b) incremental costs for energy efficiency features in new construction at Montana state university
26 college of technology, Billings;

27 (c) boiler improvements in the Xanthopoulos building and improvements to geothermal use on campus
28 at Montana state hospital, Warm Springs;

29 (d) integration of renewable energy systems into the dairy and laundry facilities at Montana correctional
30 enterprises, Montana state prison, Deer Lodge;

(e) use of geothermal resources in new construction, mining and geology building, at Montana tech of the university of Montana, Butte;

(f) improvements and upgrades to boiler/chiller at Montana school for the deaf and the blind, Great Falls;

(g) incremental costs for energy efficiency features in construction at university of Montana college of technology, Helena;

(h) energy and water conservation projects on auxiliary buildings at university of Montana-Western, Dillon;

(i) improvements to heating, ventilation, and air conditioning system, music building, at university of Montana-Missoula, Missoula; and

(j) incremental costs for energy efficiency features for heating, ventilation, and air conditioning upgrade at Montana veterans' home, Columbia Falls.

(2) In addition to the energy conservation projects referred to in subsection (1), the department of environmental quality may expend funds appropriated under [section 4] to respond to energy savings opportunities. Energy savings opportunities include coordination of energy improvement projects with the long-range building program capital improvement projects.

(3) For purposes of this section, "energy savings opportunity" means an opportunity to improve energy use that will provide significant energy and cost savings to the state and will not be technically feasible or economical if the department of environmental quality is delayed in providing the necessary funds until specific legislative approval can be obtained.

(4) If the costs of the projects authorized in subsections (1) and (2) are substantially below the bond amount authorized in [section 2], the department of environmental quality may fund projects that would be proposed as part of the state building energy conservation package for fiscal years 2010 and 2011.

NEW SECTION. Section 4. Appropriation of bond proceeds. The amount of \$800,000 is appropriated from bond proceeds authorized by Chapter 50, Laws of 1999, Chapter 240, Laws of 2001, Chapter 497, Laws of 2003, Chapter 310, Laws of 2005, and [section 2] to the department of environmental quality to fulfill the duties under 90-4-605 and 90-4-607. This appropriation is a biennial appropriation for the 2009 biennium only.

NEW SECTION. Section 5. Two-thirds vote required. Because [section 2] authorizes the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each

1 house of the legislature for enactment of [section 2].

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3 NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

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